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ABSTRACT

The reality of external academic/quality audit has arrived for all tertiary education providers in New Zealand under the umbrella of the New Zealand Qualifications Authority. This paper reviews the development over the past decade of external quality assurance of tertiary providers by quality assurance authorities and their associated bodies. The methodology included a literature review of the key influences and features of external quality assurance in the tertiary sector and an examination of the impact of external quality assurance processes on the development and delivery of courses and qualifications offered by the Open Polytechnic of New Zealand. The two main findings are that: (1) the development of external quality assurance of tertiary providers by quality assurance authorities and their associated bodies has been evolutionary and controversial; and (2) as a result of responding to the demands of external quality assurance, tertiary providers have experienced a significant increase in both their administrative workload and their compliance costs. Providers who have adopted a "life jacket" approach to external quality assurance have reaped the rewards of compliance, but those who have seen it as a strait jacket, are ceasing to exist. (Contains 23 references.) (SLD)

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EXTERNAL QUALITY ASSURANCE OF NEW ZEALAND TERTIARY EDUCATION PROVIDERS MATTERS
LIFE JACKET OR STRAIT-JACKET?

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EXTERNAL QUALITY ASSURANCE OF NEW ZEALAND TERTIARY EDUCATION PROVIDERS MATTERS
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ABSTRACT

The reality of external academic/quality audit has arrived for all tertiary education providers under the umbrella of the New Zealand Qualifications Authority. As the Authority foray into yet another quality assurance initiative, it is timely to reflect on the different forms of monitoring of external quality assurance imposed on tertiary providers by government agencies.

This paper reviews the development over the past decade of external quality assurance of tertiary providers by quality assurance authorities and their associated bodies. The methodology includes:

- a literature review on the key influences and features of external quality assurance in the tertiary sector.
- an examination of the impact of external quality assurance processes on the development and delivery of courses and qualifications offered by The Open Polytechnic of New Zealand.

The two main findings are that:

- the development of external quality assurance of tertiary providers by quality assurance authorities and their associated bodies has been evolutionary and controversial.
- as a result of responding to the demands of external quality assurance, tertiary providers have experienced a significant increase in both their administration workload and compliance costs.

Introduction - External Quality Assurance Matters

The move in 2000 to compulsory quality/academic audit for the entire tertiary sector has left education providers in no doubt that accountability is paramount. Originally auditing was a financial activity; now it has become a significant education activity. Audits are designed to provide assurance to stakeholders and for the abatement of risk (Powers, 1994). New Zealand Government education policy has created an environment where providers are acutely aware of the importance of meeting the external quality requirements. Providers seek registration, accreditation and approval for their programmes in order to have them widely recognised and to be eligible for government funding. Providers either comply with external quality requirements or sanctions are imposed on them such as loss of programme accreditation and loss of government funding. Universities that have experienced negative publicity as a result of audit reports that exposed their shortcomings also know that external quality assurance matters. How institutions respond to the demands of external quality assurance bodies impacts significantly on their future.

Lifejacket or Strait-jacket?

This paper suggests that providers have displayed two distinct attitudes towards external quality assurance requirements. Firstly, there is the lifejacket group, some of which have enthusiastically embraced external quality assurance as a way of benchmarking themselves against quality standards. Others in this group have adapted their operating environments and complied with requirements in order to stay in business. The lifejacket providers have been rewarded with continuous funding, accreditation for their programmes and favourable publicity - they get to live. Secondly, there is the strait-jacket group that has appeared less willing to be constrained by external quality demands and has struggled or failed to adapt their operating environments to meet compliance requirements - they don't survive. The public often hears about the demise of strait-jacket providers through the media. Institutional researchers are well positioned to observe and comment on whether their institution becomes a lifejacket provider or a strait-jacket provider.

The Tertiary Sector Does Not Have a Single System for External Quality Assurance

In the early 1990s universities agreed to set up the New Zealand Universities Academic Audit Unit (AAU) to conduct regular academic audits (New Zealand Universities Academic Audit Unit, 2000). Now, several years later, the reality of external quality/academic audit has arrived for all tertiary education providers under the umbrella of New Zealand Qualification Authority (NZQA). According to NZQA quality audit is a more rigorous system than the previous quality assurance review system (New Zealand Qualification Authority, 2000, p 3). Quality audit will enable NZQA to identify problems with providers sooner and move more rapidly to deal with them, as well as to reward effective providers with less monitoring and more time between audits (NZQA, 2000, p 4). The New Zealand Polytechnic Programme Committee (NZPPC) has been delegated authority from NZQA to carry out academic audits for the polytechnic sector (New Zealand Polytechnic Programme Committee, 2000, p 2). The ways in which quality assurance bodies have approached audit is discussed later in this paper.

Defining Quality Assurance

There are many definitions of quality assurance in the tertiary sector. For the purposes of this discussion the definition provided by the AAU is adopted.

> *Quality assurance may be defined as the policies, attitudes, actions and procedures necessary to ensure that the quality of education and scholarship (including research) is being maintained and enhanced. It includes checking that the quality control procedures are in place, are being used and are effective. It requires actions internal to the institution, but may also involve actions of an external body or bodies. It includes course design, staff development and the collection and use of feedback from students and employers.* (Woodhouse, 1998, 3 - 49).

The Aim of this Paper

The aim of this paper is to review the developments over the past decade of external quality assurance of tertiary providers by government appointed quality assurance bodies. The discussion begins with review of the key influences and underpinning theories that led inexorably to the creation of external quality assurance. The focus of the next section is on the creation of quality assurance authorities and their associated bodies as well as the key features of quality assurance. From there the discussion moves to examine the different forms of external quality assurance monitoring. The next section reviews the controversy surrounding the development of the National Qualification Framework and associated quality assurance processes. The paper concludes with a discussion on the impact of a decade of external quality assurance has had on The Open Polytechnic of New Zealand.

Key Influences on the Creation of External Quality Assurance

Demand for quality in tertiary education is linked to constrained public funding and the Government's desire to ensure that tertiary providers are financially and educationally accountable to the public. Over the past decade the tertiary education sector has undergone major reform in how it is organised, managed, funded and held accountable through quality assurance processes. There have been two key influences on the tertiary education reforms, one is internationalisation of the New Zealand economy and the other is the need to up-skill the workforce for competitive economic advantage. Post 1990, there was a move towards increasing participation in post-compulsory education and training. Tertiary providers were encouraged to become nationally and internationally competitive with their programme offerings (Ministry of Education, 1998, pp 5, 13). Providers (other than universities) who wanted national and international recognition for their programmes opted into the NZQA quality regime.

Theories Underpinning the Creation of External Quality Assurance

The reform of the tertiary sector was part of the wider New Zealand government and public sector reforms. To understand how external quality assurance of tertiary providers was created it is necessary to examine the theories that underpinned the major government reforms that began in the mid 1980s. The policy advice in the mid 1980s from Treasury officials to the Government was based on some key bodies of administrative and economic theories. The theories that were particularly influential are: Public Choice Theory, Agency Theory, and New Public Management (NPM)- which is not a theory, but a body of practice (Boston, J., Martin, J., Pallot, J., Walsh, P. (Editors) 1996, p 16); (Scott, 1996, pp 11-12).

Public Choice Theory

Public choice theory is based on the assumption all human behaviour is dominated by self-interest (Boston et al. 1996, p 16). From the basis of this assumption, it was assumed that politicians would not necessarily act in the best interests of the public, and that they could be captured by self-serving interests groups (Boston et al. 1996, p18). This led to policy recommendations that reduced the role of the State and led to a free market approach to tertiary education.

The Education Amendment Act 1990, which was designed to reform tertiary education and training, also embodied the free market approach (New Zealand Government, 1990, pp 4-5). Tertiary institutions were given freedom to make academic, operational and management decisions as long as these were consistent with national interest (economic and social reform) and demand for accountability (New Zealand Government, 1990, pp 4-5). The aims of The Education Amendment Act were consistent with public choice theory, in that they were designed to give institutions greater autonomy by limiting Government intervention. Ironically, however, accountabilities previously captured by professional expectations and practices became external demands from quality assurance authorities. Some members of the tertiary sector have argued that their institutions had effective internal quality assurance mechanisms incorporated into their professional practices and questioned the Government's creation of external monitoring of quality assurance. The creation of new public accountability mechanisms such as external monitoring resulted in the establishment of quality assurance authorities. These authorities were to provide formalised and external quality assurance within the tertiary sector. The Education Amendment Act (1990) established the New Zealand Vice-Chancellors' Committee (NZVCC) and the New Zealand Qualifications Authority (NZQA) as the quality assurance authorities for the tertiary sector (New Zealand Government, 1990, pp 90-108). Both the NZVCC and NZQA are discussed later in this paper.

Agency Theory

Agency theory is where political and social life is seen as a series of principal (one party in the contractual relationship) and agent relationships (the other party in the contractual relationship) (Boston et. al., 1996, p 18). Agency theory not only assumes that individuals are self-interested, but also that they are opportunistic (Boston et. al., 1996, p 19). Given this relationship, the potential for conflict between the principal and agent is high. Much of what is written about this theory, therefore, is devoted to negotiating, writing and monitoring contracts, with the purpose in mind to minimise contract violations, due to opportunism on the part of the agent (Boston et. al., 1996, pp 19-20). Although principals are also thought to be opportunistic, little has been written about this. Principals can enact incentives or sanctions and bonding (considered to be agency costs), in order to coerce the agent into acting in their interests (Boston et. al., 1996, p 20).

Agency theory has resulted in additional costs to tertiary education providers, in order to meet external quality assurance requirements. Some would argue that the benefits of external quality assurance outweigh the costs. Take, for example, the case of a tertiary provider who accesses public funding and through external quality assurance is found to be non-compliant in many areas of programmes delivery and is subsequently de-registered by NZQA. The payment by the provider for quality assurance visits may be seen as a small price to pay compared to the costs to the students of poor quality education and the taxpayer helping to fund the provider. An example of agency transaction costs is where tertiary providers bear the costs of proving their

compliance to external quality assurance authorities (through mechanisms such as reporting and monitoring visits) to quality standards either established by the institutions themselves (incorporating national quality standards) and/or set by external quality assurance bodies. There is a pre-occupation with fulfilling the principal's wishes efficiently. A key issue for the Government was one of efficient contracting between principals and agents in order to minimise agency transaction costs of setting up and monitoring the contractual relationship (Scott, 1996, p 12).

New Public Management

The other major influence on the government reforms of the public sector was the impact of New Public Management (NPM). It is not described as a theory, but rather a body of practice that emerged from corporate management practices (Boston et. al., 1996, pp 25-26).

New Public Management is about how private sector management principles can be applied to the public sector. According to Boston (1996), emphasis is on letting 'managers manage' (Boston et. al., 1996, p 25). Many changes took place in how the public sector was managed as a result of NPM, such as a focus on performance targets and quantifiable outputs.

Under the NPM, emphasis was placed on management skills and a de-emphasis on professional skills (Boston et al., 1996, p 36). This emphasis on management skills caused alarm in parts of the tertiary sector, particularly among institutions of higher education that valued collegiality. Some consider collegiality is not a weak notion that is easily manipulated, but is based on ethics, genuine respect and a desire to produce 'good education'. The difficulty with this ideal view of collegiality is that, while this may be true in some contexts, in others it has been criticised as inefficient and not producing workable and practical solutions to problems. It was the notion of collegiality and professional ethics that underpinned the traditional view of quality assurance, which did not always work - some change was needed.

To summarise, the two key influences on the tertiary reforms were internationalisation of the New Zealand economy and the need to upskill the workforce resulted in the government's intervening in the how tertiary education was to be organised, monitored and funded. The creation of new public accountability mechanisms such as external monitoring resulted in the establishment of quality assurance authorities. Agency theory influenced the setting up of contractual relationships between quality assurance authorities and tertiary institutions. Principals (authorities) can enact incentives or sanctions (agency costs) on the agent (tertiary providers). Under NPM, emphasis was on management skills and this challenged the notion of collegiality that underpinned the traditional view of quality assurance. The far-reaching policy and legislative changes that occurred in the 1990s with the establishment NZQA and the creation of the National Qualifications Framework (NQF) had their origins in the underpinning theories of the tertiary reforms and key policy documents of the 1980s.

The Creation of Quality Assurance Authorities

Hawke Report 1988 and Learning For Life Policies, 1989

The Hawke Report provided the basis of the major policy direction for tertiary education in the 1990s (Department of Education, 1988). Hawke's 1988 recommendations to establish a National Education Qualifications Authority (NEQA) and a national system of qualifications were adopted and extended in *'Learning for Life Two'*. The 'Review and Audit of Institutions' section 3.3 of

'Learning for Life Two' provides clear policy direction for the development of external quality assurance of tertiary institutions:

> *An institution's eligibility to teach specific nationally recognised courses will depend upon the National Education Qualifications Authority (NEQA) judging that the performance of the institution, as shown by its regular reviews, is satisfactory* (Department for Education, 1989, p 29).

Many of Hawke's policy recommendations subsequently found their way into the Education Amendment Act 1990.

A Decade of New Zealand Quality Assurance - The New Zealand Qualifications Authority

The Education Amendment Act, 1990, created The New Zealand Qualifications Authority (NZQA) to link all post-compulsory education areas which includes: senior secondary school, vocational, technical, workplace training and higher education. The NZQA became 'the over-arching body' and was vested with the responsibility for quality assurance of New Zealand tertiary education. One of the key tasks of NZQA was to create the National Qualifications Framework (NQF) (New Zealand Government, 1990, Par. 253).

New Zealand Vice-Chancellors' Committee

The Government delegated to the existing New Zealand Vice-Chancellors' Committee (NZVCC) the responsibility for quality in the university sector (New Zealand Government, 1990, par.260). The Government also built into the Education Amendment Act, 1990, a requirement for the NZQA to consult with the NZVCC before establishing policies that would refer to universities (New Zealand Government, 1990, par.257, 5).

Key Features of External Quality Assurance Of Tertiary Providers

The tertiary sector does not have a single system for external quality assurance of tertiary providers. The two legislative authorities (NZQA and NZVCC) subsequently delegated authority to their associated bodies to carry out quality assurance of tertiary education providers. The key features that providers are expected to have in their quality management system include, for example, policies on staff quality, student entry, guidance and support, stakeholder contacts, research, teaching, assessment and reporting. Listed below (Table 1) are the quality assurance authorities and their associated bodies and the tertiary providers whom they cover (Ministry of Education, 1998a, pp 8-11).

Table 1: The Quality Assurance Authorities and Their Associated Bodies and The Tertiary Providers Whom They Cover

Quality Assurance Authorities and their Associated Bodies	Tertiary Providers
New Zealand Qualifications Authority (NZQA) NZQA carries out registration, accreditation and moderation procedures (see below - NZQA key quality assurance monitoring tasks.)	***Private Training Establishments (PTEs)*** Over eight hundred registered PTEs provide tertiary education and vocational training.
NZQA	***Other Tertiary Providers*** Thirteen organisations deliver programmes of some national significance, and are recognised by the Minister of Education. (For example, New Zealand Drama School)
NZQA	***Government Training Establishments (GTEs)*** Eleven GTEs - government agencies provide tertiary education and training and are registered with NZQA. (For example, New Zealand Armed Forces).
NZQA	***Wananga (Maori Education Provider)*** Three Wananga are registered as tertiary institutions and are involved in teaching and researching the application of knowledge regarding Maori tradition and custom.
The Association of Colleges of Education New Zealand (ACENZ) has delegated authority from NZQA and set up the Colleges of Education Accreditation Committee (CEAC) for course approval, accreditation and moderation procedures.	***Colleges of Education (C o Es)*** Four C o Es provide teacher education and research related to early childhood and compulsory sectors of education.
Association of Polytechnics of New Zealand (APNZ) - delegated authority from NZQA The APNZ established an operational arm - *New Zealand Polytechnic Programme Committee (NZPPC)* to carry out course and programme approvals and accreditation below degree level. Polytechnics that wish to offer degrees must gain NZQA accreditation. In 2000 NZPPC began the Academic Audit. In 2001 their delegation from NZQA will include auditing degree programmes.	***Polytechnics*** Over twenty polytechnics or institutions of technology provide a wide range of vocational, professional and academic courses. They offer degree programmes and are involved in a diverse range of research activities, particularly in the applied and technological areas.
New Zealand Vice- Chancellors' Committee (NZVCC) - delegated legislative authority for the quality assurance of universities. NZVCC delegated authority to the *Committee on University Academic Programmes (CUAP)* for course approval, accreditation and moderation procedures. The universities agreed to set up the New Zealand Universities Academic Audit Unit (AAU) to carry out audits of universities and provide information on academic standards and good practice.	***Universities*** Eight universities are primarily concerned with researching and teaching to international standards. They also have a role as critic and conscience of society.

Different Forms of Monitoring by Quality Assurance Authorities, Associated Bodies, and other Government Agencies

The accountability mechanisms that had their origins in Agency theory (contractual relationships) and were identified in section 3.9 of the Hawke Report, 1988, are also part of today's quality assurance regime. These accountability mechanisms consist of contractual relationships between:

- the government and the chief executive of the Ministry of Education;
- the government and 'chief managers' of education agencies such as NZQA;
- tertiary education providers (through their council and boards) and their chief executives.

Accountability mechanisms also include charters setting out intended outcomes and performance measures, as well as audits of performance in keeping with charters.

Institutional Monitoring

The charter forms the basis of agreement between the tertiary institution's council and the government (Peters and Roberts, 1999, p 124). The charter includes statements on education, social and financial goals (developed in consultation with the institution's stakeholders (Peters and Roberts, 1999, p 124). Peters and Roberts suggest that accountability requires the goal statements to be translated into measurable objectives, that can be monitored and reported against through annual reports and audited accounts to such agencies as Audit New Zealand, Office of the Auditor General (OAG) and the Tertiary Ownership Monitoring Unit (TOMU) (Peters and Roberts, 1999, p 124). In addition to annual reporting and auditing, institutions are subject to specific external approvals and accreditation for the educational programmes they offer (Peters and Roberts, 1999, p 124). The monitoring tasks performed by NZQA and other agencies have become integral to the existence of providers of tertiary education who wish to gain access to government funding and offer qualifications linked to the NQF.

NZQA Quality Assurance Monitoring Tasks

- The NZQA monitors the setting of standards by the process of registering unit standards (units of learning that are developed in terms of learning outcomes and performance criteria) on the NQF. Specified unit standards are grouped and designated as qualifications by national standard bodies such as Industry Training Organisations. The NQF was set up to encompass all post-compulsory education and training qualifications, including both vocational and academic. An eight-level Framework was established by NZQA, with levels one to four leading to National Certificates, levels five to seven leading to National Diplomas, initial degrees culminating at level seven and at level eight higher degrees, certificates and diplomas (NZQA, 1996, pp 6-7).

- The NZQA undertakes monitoring visits when PTEs apply for registration. During the visit PTEs must demonstrate that they are able to meet the required educational and quality management standards. The NZQA also checks up on PTEs financial viability and their capacity to meet all legal requirements. Existing polytechnics, colleges of education, wananga and universities are deemed to be registered by virtue their public reporting requirements and are exempted from the registration process.

- The NZQA may undertake monitoring visits as part of a mandatory accreditation process for courses and programmes that are to be nationally recognised.

- The NZQA undertakes monitoring of standards through moderation that aims to ensure fair valid, and consistent assessment in different contexts.

For almost a decade NZQA has followed the same quality assurance/monitoring regime based largely on a cycle of review of providers' registration and accreditation. The key accountability requirements of the new audit regime for NZQA and NZPPC are manifested in a level of investigation requiring operational evidence, rather than policy and intent. The NZQA's and NZPPC recent foray into audit has resulted in their following some of AAU's established audit practices, such as self-review, site visits and public reporting.

Peters and Roberts suggest that traditional forms of professional accountability such as self review, peer review and internal reviews carried out by tertiary institutions are 'overshadowed' by external monitoring by the quality assurance authorities and agencies such as OAG and TOMU (Peters and Roberts, 1999, p124).

Controversy Surrounding the Development of the National Qualifications Framework and Quality Assurance Processes Associated with its Development

There was not universal acceptance by tertiary providers of the policy changes implemented by NZQA. The universities had vigorously argued for some time that the model of learning proposed by NZQA was inappropriate for degree level courses. Their arguments are well summed up by the NZVCC:

> *... in spite of approving the general intent of the Act, the NZVCC harbours grave doubts as to whether it is practical or desirable for the Framework proposed by NZQA to encompass tertiary degrees. In particular, the NZVCC believes that the model for developing and registering unit standards upon which the whole Framework depends is incompatible with the nature and aims of most university courses. Being based on the notion of competency, the unit standard methodology makes insufficient allowance for the progressive development of conceptual skills that is characteristic of university education...* (New Zealand Vice-Chancellors' Committee, 1994, p 2).

The universities were not the only ones that had concerns about the NQF. By mid-1997 the Ministry of Education acknowledged that there were significant problems with the NQF. The Ministry of Education's Green Paper entitled *A Future Qualifications Policy for New Zealand: A Plan for the National Qualifications Framework* set out the government's thinking on qualification policy (Ministry of Education, 1997, p 4). Pedagogical and educational concerns previously identified by academics (e.g. Hall, 1997, Irwin, 1997, and Smithers, 1997) - such as measuring excellence, credit transfer and implementing a system based exclusively on unit standards across all subjects and all providers - were also acknowledged in the Green Paper. Users expressed concern over the excessive amount of work required to develop and assess unit standards (Ministry of Education, 1997, p 15). The Ministry also acknowledged that moderation of assessments had been problematic for many users (Ministry of Education, 1997, p 2). The moderation system was cumbersome, time-consuming and resulted in increased workloads for teachers (Ministry of Education, 1997, p 2). The Ministry conceded that the cost of quality assurance associated with the NQF reforms had been expensive and there was a need to reduce compliance costs (Ministry of Education 1997, p 2).

To date the issues raised in the Green Paper are largely unresolved. Many of the issues with quality, regulatory arrangements and accountability raised in the Green Paper were raised again in the White Paper that followed in 1998.

The link between eligibility for government funding and external quality assurance of tertiary education providers was clearly spelt out in the White Paper, *Tertiary Education in New Zealand: Policy Directions for the 21st Century* (Ministry Of Education, 1998b). A change in November 1999 from, a National Coalition led Government, to Labour Coalition led Government meant that the White Paper has not been fully implemented. However, many of the quality assurance concepts and issues raised in the document are relevant today.

To be eligible to receive any form of government funding, (including tuition subsidies and student access to loans), the tertiary providers and programmes they offer are required to satisfy specific quality assurance criteria established by government-appointed quality assurance bodies (Ministry Of Education, 1998b, p20). The White Paper suggests that by imposing external quality assurance on tertiary providers will assure taxpayers that their dollars are spent on programmes that students and employers can value (Ministry of Education, 1998b, p 20). According to Peters and Roberts,1999, neither the Green Paper nor The White Paper addressed adequately the concerns of rising student debt and increasing compliance costs faced by institutions (Peters and Roberts, 1999, p141).

What Impact Has A Decade of External Quality Assurance Had On The Open Polytechnic of New Zealand?

The Open Polytechnic of New Zealand is a large distance and open tertiary education institution teaching well over 30,000 students from throughout New Zealand and overseas. The majority of students are in paid employment and seeking to improve, or have their skills recognised and gain formal qualifications (Butterfield, 1999, p 1).

The Open Polytechnic has adopted the lifejacket attitude and embraced external quality assurance requirements. Consequently it has been rewarded with continuous funding and accreditation of its programmes. In the early 1990s The Open Polytechnic embarked upon comprehensive quality assurance development as part of its overall growth strategy. Government education policies, legislative and regulatory requirements, a new funding system, as well as rapid advancement in technology impacted significantly on this development. Government policy signalled to tertiary providers that their survival and development within an environment of constrained funding would rest on their ability to compete for students and other sources of revenue. The Open Polytechnic identified that competitive advantage came from the ability to consistently produce and be recognised for quality education, products and services. Internal quality assurance systems therefore were revised to incorporate the new external quality demands brought about by the establishment of NZQA and its associated bodies, as well as the development of the NQF. In addition other external quality assurance was sought, the attainment of widely recognised quality marks was an important part of a dynamic growth strategy designed to enable The Open Polytechnic to compete more effectively in local, national and global education markets.

The Open Polytechnic Quality Assurance Systems

By the late 1990s The Open Polytechnic had budgeted for and adopted a range of quality assurance systems to meet its various educational and business objectives. A computer system called 'Manage' keeps track of the institution's quality policies and procedures. Listed below are the main quality assurance systems.

- Accreditation from NZPPC to offer local programmes, unit standards, national qualifications and from NZQA to award degrees.
- Accreditation for its offerings from a variety of professional organisations for the purpose of professional credibility.
- Approval or validation from international institutions or business associates that The Open Polytechnic has met their quality assurance requirements for programme delivery.
- ISO 9001 accreditation for the purpose of meeting demands for quality from its customers, particularly those from industry.
- Investors in People (IIP) UK quality standard.
- The Open Polytechnic Council employment of an internal auditor who reports directly to it on non-compliance to the institution's quality assurance systems.

The move to Academic Audit by NZPPC has resulted in The Open Polytechnic reviewing its comprehensive quality assurance systems in an attempt to coordinate the findings from the various processes in order to avoid duplication of effort and unnecessary waste of resources.

How does Quality Assurance Impact on Staff?

The major impact is the increase in workload for academic staff, which reduces the time available to deal with teaching and learning issues and student support. This includes preparing documentation for accreditation and monitoring visits as well as being available for interviews by external quality assurance panels. Many staff are involved in the internal moderation of NQF courses, which is a lengthy and cumbersome process that has also increased their workload. Staff are also involved in record keeping of stakeholder input, evaluations, course revisions and student concerns. Due to the complexity and size of The Open Polytechnic it formalised the system of how staff are to deal with student complaints. It is hoped that this system will prevent student litigation.

The Role of Institutional Researchers

One of the most important tasks for an institution is to manage not only the students' expectations of quality courses and services but also those of all of its internal and external stakeholders. Institutional researchers have a role to play in helping to manage those stakeholders' expectations through how they ask questions and the way they report their findings. It is vital for institutions to gather feedback on the quality of their products and services from as many sources as possible to

ensure they are getting the most accurate picture of quality. These self-review findings form part of documentation for monitoring visits by external quality assurance bodies.

Strait-Jacket Providers

Strait-jacket providers include some Maori and Pacific Island PTEs whose demise has been due largely to their inability or unwillingness to interpret the language and processes of external quality assurance and to adapt their operating environments accordingly. Many found the NZQA requirements too restrictive and culturally insensitive. Another group of strait-jacket providers were some small providers that lacked the resources to meet NZQA requirements and found compliance too costly.

Summary

Providers who have adopted the lifejacket attitude to external quality assurance requirements have reaped the rewards of compliance. The strait-jacket providers, who were either unwilling or unable to meet the demands of compliance imposed on them by quality assurance bodies, cease to exist.

The model of audit adopted throughout the tertiary sector was underpinned by the key administrative and economic theories outlined in this paper. In particular agency theory has resulted in increased costs to providers and NZQA placing sanctions on non-conformers. Public choice theory dominated thinking behind the Education Amendment Act, 1990, that created external quality assurance and linked its development firmly to the NQF, much to the dismay of universities who had pedagogical and educational concerns about the NQF. Many in the tertiary sector questioned the concepts espoused by NPM and were left defending collegiality as an effective means of quality assurance.

Stakeholders, in particular the Government, have placed great faith in the audit regime (and little or no trust in providers), and have been prepared to spend millions of dollars to support what must be considered a growth industry. The proclaimed benefits of audit are *to assure others transparency of action, quality, value for money, best practice and freedom from harm* (Scott and Dinham, 2000). Providers must decide for themselves whether the benefits of compliance with external quality assurance outweigh the costs.

The two main findings are that:

- the development of external quality assurance of tertiary providers by quality assurance authorities and their associated bodies has been evolutionary and controversial;
- as a result of responding to the demands of external quality assurance, tertiary providers have experienced both a significant increase in their administration workload and compliance costs.

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